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# Law on supplementary supervision of banks, insurers/reinsurers and investment firms in a financial conglomerate no. 250 of December 1, 2017 (in force on March 29, 2018)

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**On supplementary supervision of banks, insurers/reinsurers and investment firms in a financial conglomerate**

**no. 250 of December 1, 2017**
(*în force on March 29, 2018*)

*Official Monitor of the Republic of Moldova no. 464-470 art. 794 of December 29, 2017*

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The Parliament has adopted the following organic law:

## CHAPTER I
## GENERAL PROVISIONS

**Article 1.** Subject and objective of the law
This Law lays down the rules of supplementary supervision of regulated entities, which are part of a financial conglomerate, to ensure financial stability and protect depositors, insureds and investors.

**Article 2.** Scope of application
This Law applies to regulated entities, legal persons that are licensed/authorised under applicable sectoral rules, which are subject to supplementary supervision exercised by the coordinator at the level of the financial conglomerate.

**Article 3.** Definitions
For the purposes of this Law:
*insurer/reinsurer* – shall mean an insurer/reinsurer in the meaning of the Law no.407/2006 on Insurance;
*joint venture* – shall mean a joint venture in the meaning of the Law no.202/2017 on Banking Activity;
*competent authority* – a national authority, the National Bank of Moldova or the National Commission of the Financial Market, whichever applicable, which is empowered by law to regulate and supervise, on individual or group level, entities falling within the scope of the present law;
relevant competent authority:
a) the competent authority responsible for the sector-wide consolidated supervision of regulated entities in a financial conglomerate;
b) the coordinator appointed under the provisions of this Law, if different from the authority referred to under letter a);
*bank* – shall mean a bank in the meaning of the Law no.202/2017 on Banking Activity;
*risk concentration* – all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position in general of the regulated entities in a financial conglomerate, whether such exposures are caused by counterparty risk/credit risk, investment risk, insurance risk, market risk, other risks, or a combination or interaction of such risks.
*financial conglomerate* – a group or subgroup, where a regulated entity is at the head of the group or subgroup, or where at least one of the subsidiaries in that group or subgroup is a regulated entity, and which meets the following conditions:
1) where there is a regulated entity at the head of the group or subgroup:
a) that entity is a parent undertaking of an entity in the financial sector, an entity which holds a participation in an entity in the financial sector, or an entity linked with an entity in the financial sector by a relationship within the meaning of “group” definition;
b) at least one of the entities in the group or subgroup is within the insurance sector and at least one is within the banking / non-banking or investment services sector; and
c) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance sector and of the entities within the banking / non-banking and investment services sector are both significant within the meaning of Article 4 paragraph (2) or (5).
2) where there is no regulated entity at the head of the group or subgroup:
a) the group’s or subgroup’s activities occur mainly in the financial sector within the meaning of Article 4 paragraph (1);
b) at least one of the entities in the group or subgroup is within the insurance subsector and at least one is

within the banking / non-banking or investment services subsector; and
c) the consolidated or aggregated activities of the entities in the group or subgroup within the insurance subsector and of the entities within the banking / non-banking and investment services sector are both significant within the meaning of Article 4 paragraph (2) or (5);
*control* – shall mean a control in the meaning of the Law no.202/2017 on Banking Activity;
*coordinator* – a designated competent authority responsible for exercising supplementary supervision of the entities in a financial conglomerate;
*regulated entity* – a bank, an insurer/reinsurer, an investment firm or an investment trust management company;
*branch* – shall mean a branch in the meaning of the Law no.202/2017 on Banking Activity;
*group* – a group of undertakings which consists of a parent undertaking, its subsidiaries and the legal entities in which the parent undertaking or its subsidiaries hold a participation, or undertakings linked to each other by a relationship as follows:
a) two or more entities are managed jointly by virtue of a contract or the provisions of the Bylaws or Articles of association of the entities;
b) the management bodies of two or more entities are composed of the same persons representing the majority thereof, who are in charge during the management period and up to the preparation of the consolidated financial statements.
For the purposes of this Law, any subgroup of a group shall be considered to be a group;
parent undertaking – shall mean a parent undertaking in the meaning of the Law no.202/2017 on Banking Activity;
*close links* – shall mean close links in the meaning of the Law no.202/2017 on Banking Activity;
*sectoral rules* – mean the national legislation on the prudential supervision of regulated entities;
*participation* – mean a direct or indirect holding of at least 20% of the voting rights or share capital of an entity;
*financial sector* – shall mean a sector composed of one or more of the following entities:
a) a bank, a non-banking financial company or an ancillary services undertaking within the meaning of the Law no. 202/2017 on Banking Activity, forming the banking/non-banking subsector;
b) an insurer or reinsurer, forming the insurance subsector;
c) an investment firm forming the investment subsector;
*investment trust management company* – shall mean an investment trust management company in the meaning of the Law no.171/2012 on Capital Market;
*investment firm* – shall mean an investment firm in the meaning of the Law no. 202/2017 on Banking Activity;
*mixt financial holding company* – shall mean a mixt financial holding company in the meaning of the Law no. 202/2017 on Banking Activity;
*non-banking financial company* – shall mean a non-banking financial company in the meaning of the Law no. 202/2017 on Banking Activity;
*intra-group transactions* - all transactions by which regulated entities within a financial conglomerate rely directly or indirectly on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment;

**Article 4.** Thresholds for identifying a financial conglomerate
(1) The activities of a group shall mainly occur in the financial sector where the ratio of the balance sheet asset total of the regulated and non-regulated financial sector entities in the group to the balance sheet asset total of the group as a whole exceeds 40%.
(2) The activities in different financial subsectors shall be significant where for each financial subsector the average of the ratio of the balance sheet asset total of that financial subsector to the balance sheet asset total of the financial sector entities in the group and the ratio of the solvency requirements of the same financial subsector to the total solvency requirements of the financial sector entities in the group exceeds 10%.
(3) For the purposes of this Law, the smallest financial subsector in a financial conglomerate shall be the subsector with the smallest average and the most important financial subsector in a financial conglomerate shall be the sector with the highest average. For the purposes of calculating the average and for the

measurement of the smallest and the most important financial sectors, the banking / non-banking subsector and the investment services subsector shall be considered together.
(4) Investment trust management companies shall be added to the subsector to which they belong within the group. If they do not belong exclusively to one subsector within the group, they shall be added to the smallest financial sector.
(5) Cross-sectoral activities shall also be presumed to be significant if the balance sheet asset total of the smallest financial subsector in the group exceeds the equivalent in Moldovan lei of 6 billion euros, according to the official exchange rate of Moldovan lei.
(6) Where the group does not reach the threshold referred to in paragraph (2) of this Article, the relevant competent authorities may decide by common agreement not to regard the group as a financial conglomerate. They may also decide not to apply the provisions on risk concentration, intra-group transactions or internal control mechanisms and risk management processes if they are of the opinion that the inclusion of the group in the scope of application of the supplementary supervision or the application of such provisions is not necessary or would be misleading with respect to the objectives of supplementary supervision.
(7) Where the group reaches the threshold referred to in paragraph 2 of this Article, but the smallest subsector does not exceed the EUR 6 billion equivalent in Moldovan lei, the relevant competent authorities may decide by common agreement not to regard the group as a financial conglomerate. They may also decide not to apply the provisions on risk concentration, intra-group transactions or internal control mechanisms and risk management processes if they are of the opinion that the inclusion of the group in the scope of application of the supplementary supervision or the application of such provisions is not necessary or would be inappropriate or misleading with respect to the objectives of supplementary supervision.
(8) Decisions taken in accordance with paragraphs (6) and (7) shall be notified to other competent authorities and shall be made public by the competent authorities.
(9) For the application of paragraphs (1) – (8), the relevant competent authorities shall be entitled by common agreement to:
a) exclude an entity when calculating the ratios, in the cases referred to in Article 7 paragraph (9);
b) comply with the thresholds set out in paragraphs (1) and (2) for three consecutive years in such a way as to avoid sudden regime changes or not to comply with those thresholds if there are significant changes in the structure of the group;
c) exclude one or more participations in the smaller sector if such participations are decisive for the identification of a financial conglomerate, and are collectively of negligible interest with respect to the objectives of supplementary supervision.
Decisions referred to in this paragraph shall be taken on the basis of a proposal made by the coordinator of that financial conglomerate.
(10) For the application of paragraphs (1) and (2), the relevant competent authorities may, in exceptional cases and by common agreement, replace the criterion based on balance sheet asset total with one or more of the following parameters or add one or more of these parameters, such as the income structure, off-balance sheet activities or total assets under management, if they are of the opinion that those parameters are of particular relevance for the purpose of supplementary supervision under this Law.
(11) In the case of conglomerates already subject to supplementary supervision and for the application of the provisions of paragraphs (1) and (2), where the ratios referred to in those paragraphs fall below 40% and 10%, respectively, lower ratios of 35% and 8%, respectively, shall be applied for the next 3 years in order to avoid sudden regime changes.
(12) In the case of conglomerates already subject to supplementary supervision and for the application of the provisions of paragraphs (5) and (6), where the balance sheet asset total of the smallest subsector in the group falls below the threshold set out under paragraph (5), a lower threshold, the EUR 5 billion equivalent in Moldovan lei, according to the official exchange rate of Moldovan lei, shall be applied for the next 3 years in order to avoid sudden regime changes.
(13) During the period referred to in paragraphs (11) and (12), the coordinator shall decide by common agreement with other relevant competent authorities when the lower ratios or lower amounts referred to under paragraphs (11) and (12) shall cease to be applicable.
(14) The calculations referred to in this Article shall be made on the basis of the aggregated balance sheet asset total of the entities of the group, according to their annual financial statements. For the purposes of

this calculation, undertakings in which a participation is held shall be taken into account up to the amount of their balance sheet asset total corresponding to the aggregated proportional share held by the group. However, where consolidated financial statements are available, they shall be used instead of aggregated financial statements.
(15) The solvency requirements referred to in this Article shall be calculated in accordance with the provisions of the relevant sectoral rules.
(16) The competent authorities shall, on an annual basis, reassess waivers of the application of supplementary supervision and shall review the quantitative indicators set out in this Article and risk-based assessments applied to financial groups.

**Article 5.** Identifying a financial conglomerate
(1) The competent authorities of the Republic of Moldova that have licensed the regulated entities shall identify, under the provisions of this Law, any group falling within the scope of supplementary supervision. For this purpose:
a) competent authorities of the Republic of Moldova that have licensed regulated entities within the group shall cooperate closely, including with the competent authorities of other states with which cooperation agreements have been concluded for this purpose;
b) where a competent authority considers that a regulated entity licensed / authorized by that competent authority is a member of a group which may be a financial conglomerate and which has not yet been identified in accordance with this Law, that competent authority shall make known its opinion to other relevant competent authorities from the Republic of Moldova, as well as the concerned competent authorities from other states with which cooperation agreements have been concluded.
(2) The coordinator appointed in accordance with Article 11 shall inform as soon as possible the parent undertaking at the head of the group or, in the absence of a parent undertaking, the regulated entity with the largest balance sheet asset total in the most important subsector of the group about the fact that the group has been identified as a financial conglomerate and of the appointment of the coordinator. The coordinator shall also inform the competent authorities which have licensed / authorised the regulated entities in the group and the competent authorities of another state, with which cooperation agreements have been concluded, in which the mixed financial holding company is headquartered.
(3) Competent authorities shall publish and update, as soon as possible, on their official web pages the list of financial conglomerates identified in accordance with this Law.

## CHAPTER II
## SUPPLEMENTARY SUPERVISION

**Article 6.** Scope of supplementary supervision
(1) Without prejudice to the provisions on supervision contained in the sectoral rules, the supplementary supervision of the regulated entities shall be exercised to the extent and in the manner provided for in this Law.
(2) The following regulated entities shall be subject to supplementary supervision at the level of the financial conglomerate:
a) every regulated entity which is at the head of a financial conglomerate;
b) every regulated entity, the parent undertaking of which is a mixed financial holding company headquartered in the Republic of Moldova;
c) every regulated entity linked with another financial sector entity by a relationship within the meaning of the definition of “group” laid down in Article 3.
(3) Any subgroup in a group meeting the criteria of being identified as a financial conglomerate shall be subject to supplementary supervision.
(4) Any regulated entity which is not subject to supplementary supervision under paragraph (2), the parent undertaking of which is a regulated entity or a mixed financial holding company headquartered in another state, shall be subject to supplementary supervision at the level of the financial conglomerate to the extent and in the manner laid down in the provisions of Article 21.
(5) Where persons hold participations or capital ties in one or more regulated entities or exercise influence over the management of such entities through decision-making at the General Shareholders Meetings or in the management body, without holding a participation or capital ties, in other cases that those provided for

in paragraphs (2) and (4), the relevant competent authorities shall, by common agreement and in compliance with the scope of supplementary supervision provided for by this Law, determine whether and to what extent the supplementary supervision of the regulated entities is to be carried out, as if the concerned entities constitute a financial conglomerate.
(6) In order to apply supplementary supervision, at least one of the entities shall be a regulated entity within the meaning of the present law that meets the conditions listed in the definition of "financial conglomerate" in Article 3 paragraphs (1) (b) or (2) (b) and paragraphs (1) (c) or (2) (c).
(7) Without prejudice to the provisions of Article 16, the exercise of supplementary supervision at the level of the financial conglomerate shall in no way imply that the competent authorities are required to exercise supervision, on a stand-alone basis, of mixed financial holding companies, regulated entities in a financial conglomerate from another state with which a cooperation agreement has been concluded, or unregulated entities in a financial conglomerate.

**Article 7.** Capital adequacy
(1) Without prejudice to the sectoral rules, the supplementary supervision of the capital adequacy of the regulated entities in a financial conglomerate shall be exercised in accordance with the present Law and the regulatory acts issued for its application.
(2) Regulated entities in a financial conglomerate shall ensure the permanent availability of own funds at the level of the financial conglomerate, in the amount at least equal to the level of capital adequacy requirements, calculated according to one of the methods listed in paragraph (8) and the technical principles laid down in the regulatory acts issued for the application of the present Law.
(3) Regulated entities shall have in place proper capital adequacy policies at the level of the financial conglomerate.
(4) The requirements referred to in paragraphs (1) and (2) shall be subject to supervisory overview by the coordinator in accordance with the provisions of Chapter III.
(5) The coordinator shall ensure that the calculation referred to in paragraph (1) is carried out at least once a year, unless a higher frequency is provided for, by the regulated entity that is the head of the financial conglomerate or, where the financial conglomerate is not headed by a regulated entity, by the mixed financial holding company or by the regulated entity in the financial conglomerate identified by the coordinator after consultation with other relevant competent authorities and with the regulated entities in the financial conglomerate subject to supplementary supervision.
(6) The results of the calculation and the relevant data for the calculation shall be submitted to the coordinator by the regulated entity which is at the head of the financial conglomerate, or, where the financial conglomerate is not headed by a regulated entity, by the mixed financial holding company or by the regulated entity in the financial conglomerate identified by the coordinator after consultation with other relevant competent authorities and with the financial conglomerate subject to supplementary supervision.
(7) For the purposes of calculating the capital adequacy requirements, the following entities shall be included in the scope of supplementary supervision to the extent and in the manner laid down in the regulatory acts issued for the application of this Law:
a) a bank;
b) a non-banking financial company;
c) an insurer/reinsurer;
d) an investment firm;
e) a mixt financial holding company.
(8) Additional capital adequacy requirements shall be calculated by applying, in accordance with the coordinator's decision taken after consultation with other relevant competent authorities and regulated entities in the financial conglomerate, one of the following methods: the accounting consolidation method or the deduction and aggregation method, to be applied in accordance with the regulatory acts issued for the application of the present Law.
(9) The coordinator may decide not to include a particular entity in the scope when calculating the supplementary capital adequacy requirements in the following cases:
a) if the entity is situated in another state where there are legal impediments to the transfer of the necessary information, without prejudice to the sectoral rules regarding the obligation of competent authorities to refuse licensing / authorisation where the effective exercise of their supervisory functions is prevented;

b) if the entity is of negligible interest with respect to the objectives of the supplementary supervision of regulated entities in a financial conglomerate;
c) if the inclusion of the entity would be inappropriate or misleading with respect to the objectives of supplementary supervision.
(10) Where several entities are to be excluded pursuant to paragraph (9) (b), they shall nevertheless be included when collectively they are of non-negligible interest with respect to the objectives of supplementary supervision.
(11) In the case mentioned in paragraph (9) (c), the coordinator shall, except in cases of urgency, consult the other relevant competent authorities before taking a decision.
(12) When the coordinator does not include a regulated entity in the scope of supplementary supervision under one of the cases provided for in paragraph (9) (b) and (c), the competent authorities, which are responsible for the supervision on a stand-alone basis of that entity, may ask the entity which is at the head of the financial conglomerate for information which may facilitate their supervision of the regulated entity.

**Article 8.** Risk concentration and intra-group transactions
(1) Without prejudice to the sectoral rules, the supplementary supervision of the risk concentration and intra-group transactions of regulated entities in a financial conglomerate shall be exercised in accordance with the provisions of this Law and the regulatory acts issued for its application.
(2) The regulated entities or, where applicable, mixed financial holding companies shall report on a regular basis and at least annually to the coordinator any significant risk concentration at the level of the financial conglomerate, as well as any significant intra-group transactions carried out by regulated entities in a financial conglomerate, in accordance with the provisions of this Law and the regulatory acts issued for its application.
(3) Unless the coordinator establishes otherwise by its acts, an intra-group transaction shall be presumed to be significant if its amount exceeds at least 5 % of the total amount of capital adequacy requirements at the level of a financial conglomerate.
(4) The information referred to in paragraph (2) shall be submitted to the coordinator by the regulated entity which is at the head of the financial conglomerate or, where the financial conglomerate is not headed by a regulated entity, by the mixed financial holding company or by the regulated entity in the financial conglomerate identified by the coordinator after consultation with other relevant competent authorities and with the regulated entities in a financial conglomerate which are subject to supplementary supervision.
(5) Risk concentration and intra-group transactions shall be subject to the supervisory overview by the coordinator, which will monitor the potential risk of contamination in the financial conglomerate, presuming a rapid spread of a certain type of risk thus impacting a significant number of financial sector entities.
(6) The competent authorities shall be able, by means of regulatory acts issued for the application of this Law, to set quantitative limits and qualitative requirements, or take other supervisory measures that would ensure the achievement of the supplementary supervision objectives with regard to any risk concentration at the level of the financial conglomerate and intra-group transactions of regulated entities within a financial conglomerate.
(7) Where a financial conglomerate is headed by a mixed financial holding company, the sectoral rules regarding risk concentration and intra-group transactions of the most important financial sector in the financial conglomerate shall apply to that sector as a whole, including the mixed financial holding company.
(8) The competent authorities shall, within the framework of cooperation agreements, determine common general guidelines for the application of supplementary supervision of risk concentration in accordance with paragraphs (1) to (7). In order to avoid any duplication, the general guidelines shall ensure the uniform application of the supervisory tools as set out in this Article.

**Article 9.** Risk management policies and internal control mechanisms
(1) Regulated entities shall have, at the level of the financial conglomerate, adequate risk-management policies and internal control mechanisms.
(2) Risk management policies shall include:
a) sound governance and management practices, with the approval and periodical review, at least once a year, of strategies and policies to be performed by the management and governing bodies at the level of the

financial conglomerate with respect to all risks they assume;
b) capital adequacy policies in order to anticipate the impact of their business strategy on risk profile and capital requirements as determined in accordance with this Law;
c) procedures to ensure that their risk monitoring systems are well integrated into their organisation and that all measures are taken to ensure that the systems implemented in all the undertakings falling within the scope of supplementary supervision are consistent so that the risks can be measured, monitored and controlled at the level of the financial conglomerate;
d) mechanisms to enable the drawing up and further development, where appropriate, of recovery and resolution plans. These mechanisms should be periodically updated, at least once a year.
(3) Internal control mechanisms shall include:
a) mechanisms to identify and measure all significant risks and to determine a level of capital proportionate to the risks assumed;
b) reporting procedures and procedures to allow for the identification, measurement, monitoring and control of intragroup transactions and risk concentration.
(4) All entities falling within the scope of supplementary supervision, as provided for in Article 6, shall have adequate internal control mechanisms in place to provide any data and information that would be relevant to the exercise of supplementary supervision.
(5) Regulated entities shall publish, on an annual basis, at the level of the financial conglomerate, information on their legal structure and governance and organizational structure.
(6) The policies and mechanisms referred to in this Article shall be subject to prudential overview by the coordinator.
(7) The competent authorities shall, within the framework of their cooperation agreements, determine common guidelines for the application of supplementary supervision of the internal control mechanisms and risk management policies set out in this Article. The competent authorities shall align the additional supervisory practices of the internal control mechanisms and risk management policies set out in this Article with those related to the supervisory process as set out in the sectoral rules.

## CHAPTER III
## MEASURES TO FACILITATE SUPPLEMENTARY SUPERVISION

**Article 10.** Competent authority responsible for exercising of supplementary supervision (coordinator)
(1) In order to ensure the supplementary supervision of regulated entities in a financial conglomerate, the competent authorities shall, by common agreement, appoint a single coordinator responsible for the coordination and exercise of supplementary supervision, based on the criteria set out in Article 11.
(2) The identity of the coordinator shall be published on the official web pages of the competent authorities.

**Article 11.** Coordinator appointment criteria
(1) Where a financial conglomerate is headed by a regulated entity, the coordinator shall be the competent authority that has licensed / authorized that regulated entity in accordance with applicable sectoral rules.
(2) Where a financial conglomerate is not headed by a regulated entity, the coordinating role shall be exercised by the competent authority selected in accordance with the following principles:
a) where the parent undertaking of a regulated entity is a mixed financial holding company, the task of coordinator shall be exercised by the competent authority which has licensed / authorised that regulated entity pursuant to the relevant sectoral rules;
b) where at least two regulated entities which have their registered office in a foreign state have as their parent undertaking the same mixed financial holding company, and one of those entities has been licensed / authorised in that state in which the mixed financial holding company is headquartered, the task of coordinator shall be exercised by the competent authority of that state which licensed / authorized the concerned regulated entity;
c) Where more than one regulated entity, being active in different financial subsectors, have been licensed / authorised in a foreign state in which the mixed financial holding company is headquartered, the task of coordinator shall be exercised by the competent authority of the regulated entity active in the most important financial sector.
d) Where the financial conglomerate is headed by more than one mixed financial holding company, having their head offices in different foreign states, and there is a regulated entity in each of these states, the task of

coordinator shall be exercised by the competent authority of the regulated entity with the largest balance sheet asset total if these entities are in the same financial subsector, or by the competent authority of the regulated entity in the most important financial sector;
e) where at least two regulated entities, which have their registered office in the Republic of Moldova and / or in a state with which a cooperation agreement has been concluded in this respect, have as their parent undertaking the same mixed financial holding company and none of those entities has been authorised in the state with which a cooperation agreement has been concluded in this respect and in which the mixed financial holding company is headquartered, the task of coordinator shall be exercised by the competent authority which licensed / authorised the regulated entity with the largest balance sheet asset total in the most important financial sector;
f) where the financial conglomerate is a group without a parent undertaking at the top, or in any other case not specified in this Article, the task of coordinator shall be exercised by the competent authority which licensed / authorised the regulated entity with the largest balance sheet asset total in the most important financial subsector.
(3) The relevant competent authorities may by common agreement waive the criteria referred to in this Article if their application would be inappropriate, taking into account the structure of the conglomerate and the relative importance of its activities in different countries, and appoint a different competent authority as coordinator. In these cases, before taking their decision, the competent authorities shall give the conglomerate an opportunity to state its opinion on that decision.

**Article 12.** Tasks of the coordinator
(1) The tasks to be carried out by the coordinator with regard to supplementary supervision shall include:
a) coordination of the gathering and dissemination of relevant or essential information in going concern and emergency situations, including the dissemination of information which is of importance for a competent authority's supervisory task under sectoral rules;
b) supervisory overview and assessment of the financial situation of a financial conglomerate;
c) assessment of compliance with the rules on capital adequacy and of risk concentration and intra-group transactions as set out in this Law and the regulatory acts issued for its application;
d) assessment of the financial conglomerate's structure, organisation and internal control systems as set out in Article 9;
e) planning and coordination of supervisory activities in going concern as well as in emergency situations, in cooperation with the relevant competent authorities involved;
f) other tasks, measures and decisions assigned to the coordinator by this Law or deriving from the application of this Law.
(2) In order to facilitate and establish supplementary supervision on a broad legal basis, the coordinator and the other relevant competent authorities shall conclude coordination arrangements separately from the agreements concluded by them with respect to the supervision on a consolidated basis. These coordination arrangements may entrust additional tasks to the Coordinator and may specify the procedures for decision-making in the framework of supplementary supervision by the relevant competent authorities as provided for in this Law, as well as procedures for cooperation with other competent authorities.
(3) Without prejudice to the possibility of delegating the specific supervisory competences and responsibilities as provided for by the sectoral rules, the presence of a coordinator entrusted with specific tasks of supplementary supervision of regulated entities in a financial conglomerate shall not affect the powers and responsibilities of the competent authorities laid down in the sectoral rules.

**Article 13.** Cooperation and exchange of information between competent authorities
(1) Without prejudice to the responsibilities established under sectoral rules, the competent authorities responsible for the supervision of regulated entities in a financial conglomerate and the competent authority appointed as the coordinator of that financial conglomerate shall cooperate with each other on the basis of concluded agreements by providing each other with any essential information or relevant to the exercise of supervisory duties, in accordance with sectoral rules and this Law. To this end, the competent authorities and the coordinator shall, on the basis of the agreement and / or upon request, communicate any relevant and / or essential information.
(2) The cooperation shall at least ensure the collection and exchange of information on the following essential items:

a) identification of the group's legal structure and the governance and organisational structure, including all regulated entities, non-regulated subsidiaries and significant branches belonging to the financial conglomerate, the holders of qualifying holdings, including of the ultimate beneficial owners, at the parent level, as well as of the competent authorities responsible for the supervision of the regulated entities in the group;
b) strategic policies of the financial conglomerate;
c) the financial situation of the financial conglomerate, in particular on capital adequacy, intra-group transactions, risk concentration and profitability;
d) the financial conglomerate's major shareholders and ultimate beneficial owners, as well as its management personnel;
e) the risk management and internal control systems at financial conglomerate level;
f) procedures for the collection of information from the entities in a financial conglomerate and the verification of that information;
g) adverse developments in regulated entities or in other entities of the financial conglomerate which could seriously affect the regulated entities;
h) major sanctions applied by competent authorities under sectoral rules or this Law.
(3) To the extent necessary for the performance of their duties, the competent authorities may exchange information referred to in paragraph (2) concerning regulated entities in a financial conglomerate, as provided for in the sectoral rules, with the competent authorities of other states.
(4) Without prejudice to their respective responsibilities as defined under sectoral rules, the relevant competent authorities shall, prior to taking their decision, where these decisions are of importance for other competent authorities' supervisory tasks, consult each other with regard to the following items:
a) changes in the shareholder, organisational or management structure of regulated entities in a financial conglomerate, which require the approval or authorisation of competent authorities;
b) major sanctions or exceptional measures taken by competent authorities.
(5) A competent authority shall be entitled to decide not to consult the other authorities in emergency situations, according to the assessment of that authority, or when, in the opinion of that authority, such consultation would compromise the effectiveness of decisions. In that case, the competent authority shall without delay inform the other competent authorities of the decisions taken.
(6) The coordinator shall be able, on the basis of cooperation agreements concluded in this respect, to request the competent authorities of another state, in which a parent undertaking is headquartered and which does not exercise supplementary supervision as the parent undertaking, to gather any information that would be relevant for the performance of the tasks of the coordinator referred to in Article 12 and to transmit this information to the coordinator.
(7) Where such information has already been communicated to a competent authority under sectoral rules, the competent authorities responsible for exercising supplementary supervision may address to the above-mentioned authority to obtain that information.
(8) If the coordinator and / or a competent authority requires information that has already been provided to another competent authority under sectoral rules, the coordinator and / or the competent authority shall request that information from that authority to prevent double reporting to different authorities involved in supervision.
(9) The collection or possession of information about an entity within a financial conglomerate that is not a regulated entity shall not imply an obligation on the competent authorities to exercise the supervisory role in relation to these entities on a stand-alone basis.
(10) Information received in the framework of supplementary supervision, and in particular any exchange of information between competent authorities and between competent authorities and other authorities which is provided for in this Law, shall be subject to the provisions on professional secrecy and communication of confidential information laid down in the sectoral rules.

**Article 14.** Access to information
(1) Legal entities subject to supplementary supervision, whether or not a regulated entity, shall exchange with each other any information relevant for the purposes of supplementary supervision.
(2) The competent authorities responsible for exercising supplementary supervision shall have access to any information relevant for the purposes of supplementary supervision, which was requested by the said

authority, either directly or indirectly, from entities in a financial conglomerate, whether or not regulated.
(3) Any entity of the Republic of Moldova, whether or not regulated, falling within the scope of supplementary supervision, shall provide information at the coordinator's request.

**Article 15.** Verification of information
(1) In application of this Law and in order to verify, in specific cases, the information regarding an entity, whether or not regulated, which is part of a financial conglomerate and is headquartered in another state, the competent authorities of the Republic of Moldova shall request, on the basis of the cooperation agreements concluded in this respect, the authorities of that other state to have the verification carried out.
(2) Where they receive a request within the meaning of paragraph (1), the competent authorities of the Republic of Moldova shall, on the basis of the cooperation agreements concluded in this respect and within the framework of their competencies, either carry out the verification themselves or allow the competent authority that made the request to perform the verification itself.

**Article 16.** Management bodies of mixt financial holding companies
(1) The management/governance of activities of the mixed financial holding company, which is a legal person of the Republic of Moldova, shall be ensured by at least three persons to meet the qualification, reputation and experience requirements established by the sectoral rules applicable to the regulated entity in a mixed financial holding company.
(2) Mixed financial holding companies shall notify the coordinator about the appointment of the persons referred to in paragraph (1), including where the coordinator is a competent authority of another state with which cooperation agreements have been concluded in this respect.
(3) The coordinator shall continuously monitor the fulfilment of the requirements referred to in paragraphs (1) and (2), by taking measures or applying sanctions in the event of non-compliance with specified requirements, provided for in Article 19.

**Article 17.** Financial statements of a mixt financial holding company
(1) Mixed financial holding companies, which are legal persons of the Republic of Moldova, shall organise and carry out their bookkeeping in accordance with the accounting legislation and standards, and prepare financial statements.
(2) The administrators and managers who effectively direct mixed financial holding companies are responsible for the application of provisions of paragraph (1).
(3) Mixed financial holding companies shall be required to submit to the coordinator their consolidated financial statements as well as other data and information requested by the coordinator for the purposes of supplementary supervision.

**Article 18.** External audit of a mixt financial holding company
(1) The financial statements of a mixt financial holding company shall be audited by an audit firm in accordance with the relevant legislation.
(2) A mixed financial holding company shall be required to have a contract in place with an audit firm approved by the coordinator under the conditions established by the sectoral rules (regulatory acts of the competent authorities), depending on the structure of the mixed financial holding company (either regulated entities or subsidiaries of the company).
(3) The coordinator shall have access to any documents drawn up by the audit firm in course of the audit of financial statements of mixed financial holding companies.
(4) A firm which has audited a mixed financial holding company shall inform the coordinator as soon as it becomes aware of any fact or decision concerning the mixt financial holding company or a regulated entity within the financial conglomerate that:
a) represents a significant breach of this Law and / or the regulations or other regulatory acts issued for its application;
b) is likely to affect the financial conglomerate's activity;
c) may determine the audit firm to refuse expressing its opinion or to express a qualified opinion on the financial statements of the company.
(5) At the coordinator's request, a firm which has audited a mixed financial holding company shall be required to provide any details, clarifications and explanations regarding the data contained in the

consolidated financial statements of the mixed financial holding company.
(6) The auditor's compliance with the obligation to inform the coordinator, in good faith, in the cases provided for by this Law, shall not constitute a breach of the obligation of confidentiality of audit-related information, under the law or contractual clauses, and shall not entail liability.
(7) The coordinator shall withdraw the approval given to an audit firm pursuant to paragraph (2) if the audit firm does not properly perform the duties provided for in this Law or does not comply with the specific ethical and professional conduct requirements.

**Article 19.** Measures and sanctions
(1) Where the regulated entities, which are legal persons of the Republic of Moldova, are part of a financial conglomerate and comply with the requirements for capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes, set forth in this Law and the regulatory acts issued for its application, but the entities' solvency is nevertheless jeopardised or the intra-group transactions or the concentration of the risks lead to a deterioration of the financial position of those regulated entities, the coordinator, if a competent authority of the Republic of Moldova, shall be entitled, with regard to the mixed financial holding company, to take the following measures:
a) to conclude an agreement with the members of the management body of the mixed financial holding company, which shall include a program of measures to be applied;
b) to request information from the audit firm;
c) to replace the audit firm.
(2) Where the regulated entities or a mixed financial holding company, which are legal entities of the Republic of Moldova and are part of a financial conglomerate, do not comply with the requirements for capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes provided for in this Law and in the regulatory acts drawn up for the purpose of its application, as well as do not comply with the special conditions imposed or the commitments assumed with regard to supplementary supervision or do not comply with any of the measures applied pursuant to paragraph (1), the coordinator, if a competent authority of the Republic of Moldova, shall be able to impose the following sanctions against the mixed financial holding company:
a) to issue a written warning;
b) to suspend from office for a definite period of time one or more persons effectively directing the company;
c) to impose a fine against the mixed financial holding company, the size of which, the minimum and the maximum levels, shall represent the highest values resulting from the application of 0.05% and 1% both to the turnover figure, recorded in the previous financial year by the regulated insurance subsector entity, the subsidiary of the mixed financial holding company with the highest turnover, and to the figure representing the stipulated initial capital minimum of the regulated entity in the banking / non-banking and investment subsectors and the subsidiary of the mixt financial holding company; where the subsector includes several subsidiaries which are regulated entities, the amount of the fine shall be determined proportionately to the minimum initial capital of the regulated entity with the highest minimum capital;
d) to impose a fine against a member of the management body, the amount of fine ranging from 1 to 100 average salaries of the sanctioned natural person, earned for the last 12 months, including all benefits (supplements, bonuses and other payments in addition to the base salary);
e) to request the replacement of the person(s) effectively directing the mixed financial holding company.
(3) During the period of suspension from office, as directed by the coordinator pursuant to paragraph (2) letter (b), the mixed financial holding company shall appoint, subject to the provisions of the present law, a person to exercise the interim management of the company.
(4) The amount of the fine shall be proportionate to the gravity of committed offence.
(5) The relevant competent authorities, including the coordinator, shall ensure the coordination of their supervisory activities, if required. The coordinator shall communicate the findings made under paragraphs (1) and (2) to the competent authorities of other states, the regulated entities of which are part of a financial conglomerate and with which cooperation agreements have been concluded in this respect.
(6) For the purpose of application of measures and sanctions against mixed financial holding companies, which are legal persons of the Republic of Moldova, the coordinator of a financial conglomerate, if an authority of another state with which cooperation agreements have been concluded for this purpose, shall notify the competent authorities of the Republic of Moldova on the findings made, to allow those competent

authorities to apply measures and/or sanctions in accordance with the provisions of this Law and the cooperation agreements concluded between them.
(7) The competent authorities shall closely cooperate with each other in order to ensure that the sanctions and measures applied have produced the expected effects.
(8) For the purposes of supplementary supervision, the competent authorities shall be able to impose, in accordance with the sectoral rules, any measures or sanctions provided for therein against regulated entities under their supervision.

**Article 20.** Appealing the coordinator's acts
The acts adopted by the coordinator under this Law may be appealed the administrative court in accordance with the applicable legislation.

**Article 21.** Cooperation with foreign authorities
(1) For the purposes of supplementary supervision provided for under this Law, the competent authorities shall be able to initiate negotiation of agreements with the competent authorities of one or more foreign states regarding the means of exercising supplementary supervision of regulated entities in a financial conglomerate.
(2) Without prejudice to the sectoral rules, the competent authorities of the Republic of Moldova shall verify whether the regulated entities, the parent undertaking of which is headquartered in another state, are subject to supervision by a competent authority of that state, which is equivalent to that provided for under this Law on the supplementary supervision of regulated entities.
(3) The verification referred to in paragraph (2) shall be carried out at the request of the parent undertaking or of any regulated entity licensed in the Republic of Moldova or shall be conducted off-site by the coordinator from the Republic of Moldova. That competent authority shall consult with the other relevant competent authorities and make every effort to comply with the legislation in force when exercising supervision.
(4) Where a competent authority disagrees with the decision taken by another competent authority on the equivalence of supplementary supervision exercised by the competent authority of another state, the provisions of cooperation agreements in place shall apply.
(5) In the absence of equivalent supervision, the relevant competent authorities shall appoint a coordinator and apply, by analogy, the provisions on the supplementary supervision of regulated entities.

**CHAPTER IV**
**FINAL PROVISIONS**

**Article 22.** Compatibility with EU legislation
This Law transposes Chapters I and II, excepting Articles 9a, 9b, 12a and 12b, of the Directive 2002/87/EC of the European Parliament and of the Council, of 16 December 2002, on the Supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council, published in the Official Journal of the European Union L35 of 11 February 2003.

**Article 23.** Entry into force of the Law
(1) This Law shall enter into force three months after its publication in the Official Monitor of the Republic of Moldova.
(2) Within 10 months from the date of entry into force of this Law, the Government, the National Bank of Moldova and the National Commission of the Financial Market shall realign their regulatory acts with the provisions of this Law or shall adopt the regulatory acts required for its application.

See also

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